

Date: November 3, 2015
To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Steven W. Hicks, Director, General Services Department

Subject: Proposed Sale of 2600 Sarah Avenue by Upset Bid, Parcel ID 104738 and Parcel ID 104739 (City Tract 563 & 496)

Executive Summary

The City has received an offer to purchase City-owned property located at 2600 Sarah Avenue from Longleaf Building & Restoration, Inc. The subject property includes two parcels of 0.171 acres each, for a total of .342 acres. The subject property is vacant, wooded and is zoned RS-8 (single family zoning). The subject property is located on a paper street with limited access via the existing portion of Sarah Avenue to the southeast. The purchase price offered is \$27,000.00.

The City proposes to sell the property as surplus pursuant to the Upset Bid Procedure of G. S. 160A-269.

Recommendation

The General Services Department recommends that City Council:

1. Declare the Subject Properties at 2600 Sarah Avenue as surplus;
2. Propose to accept the offer of \$27,000.00 from Longleaf Building & Restoration, Inc. to purchase the properties at 2600 Sarah Avenue and advertise for upset bids pursuant to the Upset Bid Procedure (G. S. 160A-269);
3. Authorize the City Manager to accept the bid from the highest responsible bidder at the conclusion of the upset bid process, pursuant to Section 86.3 of the City Charter, and;
4. Authorize the City Manager or the Mayor to convey Parcel ID 104738 and Parcel ID 104739 with a non-warranty deed.

Background

The City acquired the subject property by private sale in the early 1960's. The two parcels were purchased together with Water Bond Funds for a proposed City water tank site. The parcels have not been needed for a water tank site; therefore, the parcels have remained undeveloped.

The Real Estate Division issued an inquiry to City departments asking the departments to specify whether there was a reason to retain the subject property. The City departments responded with no objection to selling the property.

The current tax value of the subject property is \$37,998.00 (\$18,999 for each lot) or \$2.55 per square foot. The purchase price being offered is \$27,000.00 or \$1.81 per square foot. Comparable sales of vacant land in the area average \$4.50-\$5.00 per square foot, but those parcels are accessible to existing City streets, curb/gutter and water/sewer. Subsequent to the proposed sale, the buyer will incur expenses necessary to extend Sarah Avenue and the

attendant infrastructure from Sarah Avenue or Nation Avenue, which is north of the subject property.

Issues/Analysis

1. The subject properties are being sold “as is” with no representations or warranties being made by the City.
2. This Council action authorizes the upset bid process to begin upon advertisement of the offer.

Synopsis of Upset Bid Procedure

The City may solicit and receive bids to purchase property. A five percent deposit must be submitted with the bid. When a bid is made and City Council proposes to accept it, the bid is advertised for upset bidding in a local newspaper. This begins the upset bid procedure. The notice contains a general description of the property, the amount and terms of the bid, a notice that within 10 days any person may raise the bid by not less than ten percent of the first \$1,000.00 of that offer and five percent of the remainder, the date and time by which upset bids should be received, and the location to submit bids.

This procedure is repeated until no further qualifying upset bids are received, at which time the City Manager may accept the bid and sell the property to the highest qualifying bidder, or may choose not to accept the bid.

The bid will not be awarded to persons owing delinquent City-County taxes or assessments. Closing will be held within 90 days of the City’s acceptance of the bid.

The property will be advertised for sale in the local newspaper, on the City’s web page and a sign will be placed on or near the property.

Alternatives

1. City Council could reject the offer to begin the upset bid procedure and direct the Real Estate Division to first solicit bids through an advertisement, or direct the Real Estate Division to use one of the other public sales procedures such as G.S. 160A-268 – Sealed Bids – where the properties are advertised at least once 30 days before bids are opened; or
2. City Council could direct the Real Estate Division to offer the properties for sale by private sale to a nonprofit entity; or
3. City Council could elect not to delegate authority to the City Manager under Section 86.3 of the City Charter, but direct the Real Estate Division to return with a report at the conclusion of upset bidding for City Council to accept or reject all bids.

Financial Impact

Revenue generated from the proposed sale will be deposited in the City’s General Fund for Sale of Land (Account 0100-661100). Sale of the parcels will also generate tax revenue.

SDBE Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments: Location Maps of Subject Property, Offer to Purchase